

NO POSITION
February 18, 2009

**STATE RETIREMENT SYSTEMS
STAFF REPORT ON LEGISLATION AFFECTING
THE STATE EMPLOYEES' RETIREMENT SYSTEM**

96th General Assembly

SENATE BILL 0302 – Senator Larry Bomke

PROPOSAL

Senate Bill 0302 amends the State Employees' Article of the Pension Code to allow an employee to establish service credit for certain periods of layoff. To establish service credit for the layoff period, application must be made within 6 months of the effective date of the Amendatory Act. The employee is required to make the employee and employer contributions (normal cost), plus interest from the date of the return to employment to the date of payment.

COMMENT

SB 0302 allows employees to establish up to 3 years of SERS service credit for layoff periods by applying to SERS within 6 months of the effective date of the Amendatory Act. The bill requires the employee to make employee and employer contributions based on the employee's salary and employee contribution rate on the date of returning to employment and the employer contribution (normal cost) rate in effect on the date of payment. The employee is required to pay interest (6.5% per annum) from the date of re-employment to the date of payment.

In 2007, Public Act 94-1111 created a 6-month "window" to allow State employees to establish up to 3 years of SERS service credit for periods of layoff if the employee was considered to have been in continuous service for purposes of determining seniority. SB 0302 allows the establishment of service credit for layoff time if the employee returns to any State employment. Public Act 94-1111 required employees establishing service credit for layoff periods to make the same contributions as those required by SB 0302.

RECOMMENDATION

It is the recommendation of staff that we take no position on Senate Bill 0302.